



## Central New Mexico LandLink Sample Lease Agreement

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### Sample Lease Agreement

This Lease Agreement entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by and between \_\_\_\_\_, landowner of  
\_\_\_\_\_ (address),  
hereafter known as “the Landowner,”  
and \_\_\_\_\_, tenant of  
\_\_\_\_\_ (address),  
hereafter known as “the Tenant.” They shall be hereinafter jointly referred to as “the  
Parties.”

### Property Description

The Landowner hereby leases to the Tenant, to occupy and use for agricultural and  
related purposes, the following property:

\_\_\_\_\_  
\_\_\_\_\_  
consisting of approximately \_\_\_\_\_ acres situated in \_\_\_\_\_  
\_\_\_\_\_ County (Counties), \_\_\_\_\_ (State).

### Term of Lease

The provisions of this agreement shall be in effect for \_\_\_\_\_ year(s), commencing  
on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.  
This lease shall continue in effect from year to year thereafter unless written notice of

termination is given by either party to the other at least \_\_\_\_\_ days prior to expiration of this lease or any renewal thereof.

### **General Provisions**

A. It is mutually agreed that the provisions of this lease are binding upon the heirs, executors, administrators, and successors of both Landowner and Tenant.

B. If either party neglects or refuses to carry out any material provisions, the other party will have the right, in addition to compensation for damages, to terminate this lease. He or she shall do so by written notice to the party at fault, specifying the violations of the agreement. If violations are not corrected within 30 days, the lease shall be terminated.

C. Any additions or changes to this lease shall be in writing and, when signed and executed before witnesses and attached, shall become part of this lease.

### **Rental Rates and Arrangements**

#### *Option A: Cash Rent*

The Tenant, for and in consideration of this lease as rent, agrees to pay the total sum of \$\_\_\_\_\_. Cash rent will be paid at \_\_\_\_\_ (address). It will be paid in \_\_\_\_\_ (monthly/yearly) payments in the sum of \$\_\_\_\_\_, commencing on \_\_\_\_\_, 20\_\_\_\_\_.

**OR**

#### *Option B: Crop-Share Rent*

The Tenant, for and in consideration of this lease as rent, agrees to pay or give shares of the following crops:

Crop	Approximate # of Acres/Rows/ Plants	Landowner's Share (%)	Tenant's Share (%)	Distribution of Landowner's Share (Where, When, Whose Cost)
1)				
2)				
3)				
4)				
5)				

### Farming Operation

The necessary equipment shall be furnished and operating expenses divided between the Landowner and Tenant as follows:

Equipment	Furnished by		Operating Expenses	Proportionate Share	
	Landowner	Tenant		Landowner	Tenant

### Improvements and Repairs

A. It is agreed that during the term of the lease, the Tenant may have use of all improvements on the above-described farm except the following:

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B. The Landowner agrees to furnish materials for normal maintenance and repairs to maintain the farm in its customary condition. The Tenant will furnish ordinary labor and

haul the materials for these repairs, and it is mutually agreed that the Landowner will provide skilled labor.

C. Additional major improvements to be provided by the Landowner are as follows:

Kind	Date

D. Construction and removal of fixtures by Tenant: With the written consent of the Landowner, the Tenant may add improvements at his or her own expense. He or she shall have the right to remove them or be compensated for them under the terms of the following written agreement, upon termination of the lease. Improvement or fixture:

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E. Compensation to Tenant for unexhausted value of improvements: In the event of termination of this lease, the Tenant will be entitled to payment for the unexhausted value of his or her contribution to the cost of improvements made with the consent of the Landowner, according to the following schedule:

	Proportion Remaining Unexhausted After				
	1 year	2 years	3 years	4 years	5 years
<b>Irrigation Ditches</b>					
<b>Land Leveling</b>					
<b>Improvement</b>					

## **Insurance and Indemnification**

A. Liability Insurance: During the term of this lease, both the Landowner and Tenant agree that at their own cost and expense, each will maintain liability insurance with limits not less than \$1,000,000 for injury to or death of one or more persons in any one occurrence and \$500,000 for damage or destruction to property in any one occurrence, \$2,000,000 in aggregate. Landowner and Tenant each agree to include the other party as an additional insured.

B. Workers' Compensation: At such time as the Tenant has one or more employees, he or she shall obtain workers' compensation insurance insuring against all claims for personal injury, disease and/or death under the workers' compensation law of the State of New Mexico.

C. Indemnification: Both parties agree to indemnify the other and hold the other harmless from and against any claims, damages, costs, expenses, causes of action or other losses incurred, including the reasonable cost of defending against same.

D. Liability: In no event will either party be liable to the other (or any of their respective agents, representatives or employees) for any lost revenue; lost profits; loss of rights or services; incidental, punitive, indirect, special or consequential damages; interruption or loss of use of service.

E. Each party shall provide evidence of coverage provided by these insurance policies, and thereafter at least \_\_\_\_ days prior to each policy renewal date. All policies shall contain a 30-day notice of cancellation.

## **Records**

Records of all matters of joint interest will be kept by the Tenant and will be available to the Landowner upon request. The records will specify the following items (e.g., livestock inventories, crop production expenses, production yields, etc.):

A. \_\_\_\_\_

B. \_\_\_\_\_

- C. \_\_\_\_\_
- D. \_\_\_\_\_

### **No Partnership Agreement**

This lease does not give rise to a partnership.

### **Right of Entry**

The Landowner will have the right, in person or by agent, to enter the farm for inspections, repairs or improvements. In the case that this lease is not renewed, the Landowner or the incoming Tenant will have the right (before it expires) to do plowing or other work on the farm, as long as doing so will cause no damage or interfere with the present Tenant.

### **Mineral Rights**

Nothing in this lease confers upon the Tenant any right to minerals underlying the leased land. The mineral rights are reserved by the Landowner, together with the full right to enter the premises and bore, search and excavate for same, to work and remove same, and to deposit excavated rubbish, and with full liberty to pass over said premises with vehicles and lay down and work any railroad track or tracks, tanks, pipelines, power lines, and structures as may be necessary or convenient for the above purpose. The Landowner agrees to reimburse the Tenant for any actual damage suffered, or for crops destroyed by these activities, and to release the Tenant from obligation to continue farming this property when development of mineral resources interferes materially with the Tenant's farming operations.

### **Arbitration**

If parties to this lease cannot reach an agreement on any matter or problem, the question shall be submitted to an arbitration committee comprised of three disinterested persons, one selected by each party hereto and the third by the two thus selected. The committee's decision will be accepted by both parties.

## Signatures

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*Tenant*

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*Landowner*

State of \_\_\_\_\_

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned, a Notary Public in above listed state, personally appeared

\_\_\_\_\_ and \_\_\_\_\_

to me known to be the people described in and who executed the foregoing lease and acknowledged that they executed the lease as their voluntary act and deed.

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*Notary Public*

My commission expires: \_\_\_\_\_

*This sample lease agreement was adapted with permission from the following document:  
Libbin, J.D. "Farm Rental Agreements." New Mexico State University Cooperative  
Extension Service Circular 598, 2004.*